

Alternative Risk Transfer (ART) Solutions Provider of the Year



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Swiss Re Corporate Solutions (SRCS) has been awarded the Alternative Risk Transfer (ART) Solutions Provider of the Year for its innovative virtual captive structure.

Notably, SRCS adapted this unique insurance concept to revitalise a major construction project in the APAC region. Faced with an exposure that could not find coverage, SRCS created an insurance solution that met the client's contractual obligations, aligned with the broader insurance market appetite, and ensured the project could proceed without further delays.

The project had been significantly delayed and faced challenges in extending its construction insurance period. Factors such as inflation, project delays, and a drastic change in the insurance market cycle meant that the scope of coverage available for the mid-term extension was far more restrictive than the original placement and would no longer comply with existing contractual obligations.

In close collaboration with the broker and the insured, SRCS developed a virtual captive structure (a partially funded insurance solution), allowing the insured to cover specific exposures that were difficult to insure in the conventional market.

SRCS issued an extension insurance policy that fully complied with contractual requirements, while the insured agreed to pre- and post-fund part of the exposure in the event of a loss.

This solution constituted a contractual insurance agreement, with mechanics for partial funding including claims experience surcharges and return features - similar to low claims bonuses and additional premium features found in conventional insurance contracts.

By leveraging the virtual captive concept and funding a part of the exposure, while keeping other perils covered on a conventional risk transfer basis, the client secured the necessary extension coverage with a highly rated insurer and was able to proceed with the project without any insurance gaps.

When insureds face challenges in obtaining adequate coverage, be it due to capacity constraints, market cycle or novelty of the exposure type, it is the responsibility of the insurance market to seek alternatives. SRCS's innovative approach to providing tailor-made insurance solutions has played a meaningful role in providing a solution to the client in this difficult time.